

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Ottawa County, Michigan Insurance Authorit	County Ottawa
Fiscal Year End 12/31/07	Opinion Date 4/11/08	Date Audit Report Submitted to State 4/28/08	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

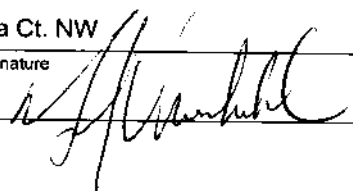
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Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>	none necessary		
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Vredeveld Haefner LLC		Telephone Number 616-446-7474		
Street Address 4001 Granada Ct. NW		City Grand Rapids	State MI	Zip 49534
Authorizing CPA Signature 		Printed Name Douglas J Vredeveld		License Number 21289

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY



West Olive, Michigan

For The Years Ended December 31, 2007 and 2006

BOARD OF DIRECTORS

2007

Alan Vanderberg
Bradley Slagh
Roger Rycenga
Donald Disselkoen
Jack Smant
Dennis Swartout



OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

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INTRODUCTORY SECTION



Ottawa County, Michigan Insurance Authority

12220 Fillmore Street, Room 331, West Olive, Michigan 49460

(616) 738-4856
Fax (616) 738-4897

April 22, 2008

Board of Directors
Ottawa County, Michigan Insurance Authority
12220 Fillmore Street, Room 331
West Olive, MI 49460

Board of Directors:

The Comprehensive Annual Financial Report of the Ottawa County, Michigan Insurance Authority (the "Insurance Authority" or "Authority") for the year ended December 31, 2007 is hereby respectfully submitted. This report was audited by the Insurance Authority's independent certified public accountants. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Insurance Authority. We believe the data, as presented, are accurate in all material respects, that it is presented in a manner designed to set forth fairly the financial position and results of operations of the Insurance Authority as measured by the financial activity of its various membership years, and that all disclosures necessary to enable the reader to gain the maximum understanding of the Insurance Authority's financial affairs have been included.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

REPORTING ENTITY AND ITS SERVICES

The Ottawa County, Michigan Insurance Authority is an organization of governmental unit agencies formed as a legal entity under State statutes that authorize local units to create such an entity to meet their risk management needs. Specifically, the Insurance Authority administers a program of self-funding and commercial insurance in the areas of property and liability as well as providing for support services such as: claims/litigation administration and management, loss control services and training, risk management statistical information, and financial reporting services for its members. The Insurance Authority began its operation on October 24, 1990 with two initial members, the County of Ottawa and the Ottawa County Building Authority; as of December 31, 2007 no additional members have been added.

The Board of Directors is the governing body of the Insurance Authority and manages its operations. The Board is comprised of the following persons: the Ottawa County Treasurer, the Chairperson of the Ottawa County Board of Commissioners, the Chairperson of the Ottawa County Board of Commissioners standing committee in charge of finances, a member-at-large from the Ottawa County Board of Commissioners, the Ottawa County Administrator, and an elected or appointed official from each participating public entity except Ottawa County.

The Insurance Authority has the following powers pursuant to the intergovernmental agreement: to sue and be sued; to make contracts; to hold and dispose of real and personal property; to borrow money, contract debts, and pledge assets in the name of the Insurance Authority; to appoint employees or contract with other individuals or entities, including a participating public entity, for personnel services; and to do any other acts necessary or appropriate in order to effectuate the purposes of the agreement.

The Insurance Authority reporting entity includes all activities (operations of its administrative staff, officers, executive board and board of directors as they relate to the Insurance Authority) considered to be part of (controlled by or dependent on) the Insurance Authority. This includes the financial activity relating to all of the membership year pools of the Insurance Authority. The Insurance Authority does not have oversight responsibility for any other governmental entity.

ECONOMIC CONDITION

While other industries exercise significant control over outflows (e.g., reducing production or staffing), the chief expenditure for the insurance industry is claims. For liability claims, the source can be a natural disaster which is not controlled by the entity, or outside sources over which the entity has little control. As a result, the financial returns for such entities are also volatile.

For the Authority, there are three main factors influencing its financial returns: premium costs, claims and the investment market. Until recently, premium coverage had been on the increase. The 9/11 tragedy as well as hurricane activity (Katrina and Rita) had caused premiums to increase substantially. However, in the last couple of years, premiums have been on the decline. Recent regulatory changes have heightened competition within the insurance industry—an area in which competition has always been fierce. Massive mergers and acquisitions have resulted, creating financial services mega-firms, many of which offer a complete range of financial services and products to their customers, from checking accounts to investment products to insurance. Bank holding companies have been aggressively acquiring insurance agencies.

As a result, pricing for the major excess commercial policies which the Authority purchases has improved. It is expected that this trend will continue and commercial coverage will cost even less at the next renewal. As excess insurance costs drop, there is less incentive for the Authority to assume additional dollars of risk. The Authority will continue to monitor the cost of excess insurance versus the level of risk which it assumes to maintain a good balance between those levels and the expense of commercial coverage.

Claims by their nature are difficult to predict. In the last few years, remediation on the South West Ottawa landfill had resulted in significant swings in expenditures as the liability was recognized and addressed. Although expenditures are likely to vary significantly from year to year, the Authority does not anticipate the variances to be as wide.

Volatility in the investment market will likely continue. Declines in the housing market and the credit crunch due to the sub-prime mortgage market have significantly impacted the economy, and by extension, the investment market. The Federal Reserve has reduced rates several times in the last six months, and this negatively impacts the returns of some of the Authority's investments, Treasury yields in particular. Inflation concerns have resulted. At the same time, the stock market is struggling, affecting other Authority investments.

The Authority has positioned itself to adequately address these uncertainties in the future. Although insurance premium pricing is on a positive path, claims expenditures will remain difficult to predict. Likewise, the investment market faces serious challenges in 2008, and the outcome of the investment policy is also difficult to predict. However, the Authority has accumulated assets to sustain itself and provide flexibility, and the diversification of these assets somewhat diminishes the effects of the volatility. The Authority will remain financially stable and will continue to provide financial benefits to the County.

MAJOR INITIATIVES

The Insurance Authority assumes financial and operational responsibilities for all risk assumption, risk management, and insurance coverage matters for the County of Ottawa, including its constituent departments and agencies, and the Ottawa County Building Authority. By contract with the Insurance Authority, the County, through its Fiscal Services Department, has the primary responsibility for the day-to-day risk and insurance management functions of the Insurance Authority, so as to preserve human, physical, natural, and financial resources.

The Insurance Authority contracts with a risk management consultant to assist with identification, evaluation, and reduction of exposures to risk, as well as all other risk management and insurance functions. Legal counsel, both independent and County civil counsel, provide the claim defense when the Insurance Authority is responsible for defense, and supervise the defense provided by insurers when an insurer has the right and duty to defend a claim. Counsel also reviews Insurance Authority policies and procedures so as to provide appropriate protection to the Insurance Authority and its participants, and provides periodic training sessions to County employees in order to reduce exposure to risk.

It is a standard requirement of all vendors and contractors doing business with Ottawa County or the Building Authority to provide evidence of insurance in accordance with specified requirements, as well as broad indemnification. In this way, liability arising out of the acts, errors, or omissions of others is not a primary financial responsibility of the Insurance Authority.

Although no new exposures were added to the scope of coverage which the Authority provides, the Authority was able to arrange for appropriate excess insurance over the Medical Professional

Liability coverage provided by the Authority, including coverage for employed professionals, including physicians, psychologists, nurses, and others. At this time, the major exposures are covered.

During the course of the year, the Authority participated in negotiations which resulted in the resolution of a significant environmental impairment liability claim. Payments of expenses to fulfill the negotiated resolution began late in the 2005 coverage year and the final payment should be made in the next fiscal year.

Commercial insurance remains in place for Property (including Boiler and Machinery), Automobile Liability and "No-Fault," General/Law Enforcement/Public Officials Liability, and Crime. Each line of insurance which is purchased commercially has a deductible or self-insured retention, which the Authority covers.

Further, the Authority assumes responsibility for those risks which are either uninsurable or which are insurable at comparatively high premiums, such as gradual pollution, and for risks which are excluded by the insurance policies which it purchases, such as damage to pavements and roadways or mysterious disappearance.

Insurance coverage is purchased for those risks where the premiums are projected to be significantly lower over time than the cost of expected losses, where losses are too infrequent for any accurate projection, or where the Authority desires to control the claim defense process.

All claims brought against the County or the Building Authority, and all incidents occurring within their jurisdictions, whether against a commission, board, elected/appointed official, employee, or volunteer, are appointed to the Insurance Authority in accordance with its reporting procedure. The claim/incident is processed and, if appropriate, forwarded to the Insurance Authority's legal counsel or insurer for investigation or establishment of an open claim reserve. At each Insurance Authority Work Group meeting, reports of claims or incidents are reviewed, as are reserves for open claims and the long-term claim history. Settlement of any claim and preferred handling of any lawsuit or potential lawsuit occurs after consultation with the Insurance Authority's Work Group and/or the appropriate insurance company.

The Insurance Authority continually reviews and considers alternatives to some or all of its risk financing and control program. As the commercial insurance market softens, there is less economic impetus to continue to assume more risk. However, there are many issues which the Authority considers when deciding whether to offer additional coverage to its members. In some cases, there are factors which far outweigh cost in making these decisions. The Authority Work Group continues its comprehensive review of exposures and will present appropriate recommendations to the Authority for its consideration.

Safety and loss prevention programs are performed in conjunction with the County of Ottawa Administrator's Office, the risk management consultant, legal counsel, and the insurers. Each County department is expected to conduct its operations in a responsible and safe manner.

OTHER INFORMATION

Independent Audit

Vredeveld Haefner LLC, independent certified public accountants, provide an objective, independent audit of the fairness of the Insurance Authority's reported financial position and results of operations. Their audit includes the auditing procedures which they deem necessary to express an opinion as to the fairness of the financial statements. Their unqualified opinion on the Insurance Authority's financial statements is included in the financial section of the report.

In addition, Financial Risk Analysts, LLC, provide independent actuarial services which estimates the liabilities recorded as outstanding claim reserves.

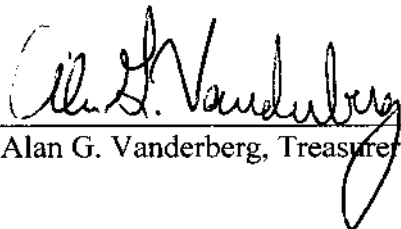
Acknowledgments

Our sincere appreciation is expressed to members of the County of Ottawa staff for their assistance in preparing this report.

Our appreciation is also extended to each member and alternate of the Board of Directors for their commitment to risk management and intergovernmental risk pooling.

Respectfully submitted,

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY



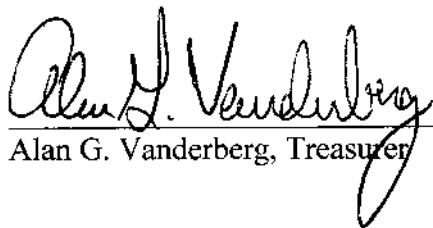
Alan G. Vanderberg, Treasurer

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Responsibility for the integrity of the financial data presented rests with the Ottawa County, Michigan Insurance Authority (the "Authority"). We believe the data to be accurate in all material aspects. These financial statements are prepared in accordance with generally accepted accounting principles applicable to government and Michigan State Statutes.

The Authority maintains a system of internal controls to provide reasonable assurance that the books and records reflect authorized transactions of the Authority.

Vredeveld Haefner LLC, independent certified public accountants, has audited the accompanying financial statements, and the supplemental financial information has been subjected to the auditing procedures applied in their audit. Vredeveld Haefner LLC's report appears prior to the financial statements.



Alan G. Vanderberg, Treasurer

FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

April 11, 2008

Ottawa County, Michigan Insurance Authority
Board of Directors
West Olive, Michigan

We have audited the accompanying basic financial statements of the Ottawa County Michigan, Insurance Authority (the Authority), a component unit of Ottawa County, Michigan, as of and for the year ended December 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Authority, as of December 31, 2006, were audited by other auditors who expressed an unqualified opinion on those financial statements in their report dated April 24, 2007.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ottawa County Michigan, Insurance Authority as of December 31, 2007, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3-8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

We did not audit the data in the introductory section of this report and, therefore, express no opinion thereon.

Vredeveld Haefner LLC

MANAGEMENT'S DISCUSSION and ANALYSIS

Management's Discussion and Analysis

As management of the *Ottawa County, Michigan Insurance Authority*, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$10,585,353 (*net assets*). All of this amount is unrestricted and may be used to meet the Authority's ongoing obligations.
- The Authority's total net assets increased by \$3,658,718.
- The Authority's investment balance increased by \$1,371,651.

Overview of the Financial Statements

Fund type: The Authority has been established as an internal service proprietary fund type of the primary government, Ottawa County, to account for and allocate costs internally among the County's various functions. Specifically, the Authority accounts for the general, automobile, and property liability of the County. There are three statements included in the Authority's basic financial statements.

The *statements of net assets* present information on all of the Authority's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Authority's financial position is improving or deteriorating.

The *statements of revenues, expenses and changes in net assets* present information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The *statements of cash flows* present information showing the inflows and outflows of cash during the year. Accordingly, only transactions that affect the Authority's cash account are reported. The statement of cash flows assists the reader in determining the liquidity of the entity.

These statements can be found on pages 9-11 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found beginning on page 13 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information*. This is limited to schedules of claims development, unpaid claims liabilities, investments, changes in net assets, and a member growth analysis. These schedules can be found beginning on page 22 of this report.

FINANCIAL MANAGEMENT AND CONTROL

The 2007 Comprehensive Annual Financial Report reflects two years of Authority operations.

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Fund Accounting

The Authority uses a fund (i.e., a separate accounting entity with a self-balancing set of accounts) to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Basis of Accounting

The Authority's operating fund, an internal services fund, is accounted for on the economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of the fund are included on the statement of net assets. Internal service fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Budgetary Control

A detailed budget is presented to the Authority for approval on an annual basis.

Financial Analysis

As the following table demonstrates, the Authority's assets exceeded its liabilities by \$10,585,353 at December 31, 2007, which was a significant increase. The entire balance of the net assets is unrestricted and may be used to meet the Authority's ongoing obligations.

Ottawa County, Michigan Insurance Authority's Net Assets

	<u>2007</u>	<u>2006</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Current assets				
Investments	\$ 13,753,212	\$ 13,232,341	\$ 520,871	3.9%
Restricted investments	5,234,566	5,010,263	224,303	4.5%
Cash and cash equivalents	1,027,078	208,565	818,513	392.4%
Other assets	<u>266,869</u>	<u>236,543</u>	<u>30,326</u>	12.8%
Total assets	<u>20,281,725</u>	<u>18,687,712</u>	<u>1,594,013</u>	8.5%
Current liabilities				
Unpaid claims liabilities	5,754,629	7,457,906	(1,703,277)	-22.8%
Pending Trades		626,477	(626,477)	-100.0%
Due to Ottawa County	<u>3,941,743</u>	<u>3,676,694</u>	<u>265,049</u>	7.2%
Total liabilities	<u>9,696,372</u>	<u>11,761,077</u>	<u>(2,064,705)</u>	-17.6%
Net assets - unrestricted	<u>\$ 10,585,353</u>	<u>\$ 6,926,635</u>	<u>\$ 3,658,718</u>	52.8%

Together, cash and investments grew by \$2,190,164. Cash and investment balances at year end are at a point in time, so fluctuations are not unusual and may reflect various transactions in process. The unpaid claims liability decreased primarily due to a decrease in the estimated unpaid claims liability. The remediation of the South West Ottawa Landfill was near completion at 12/31/07. In addition, several smaller claims were settled during 2007.

Net assets increased significantly due to the decrease in the unpaid claims liability as well as relatively low claim activity in the current year. In addition, investment returns increased due to strong gains made in the fourth quarter. Detailed information on revenues and expenses follows.

Revenues, Expenses and Changes in Net Assets

	<u>2007</u>	<u>% of Total</u>	<u>2006</u>	<u>% of Total</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Revenue						
Loss premiums	\$ 1,809,990	60.2%	\$ 1,913,422	66.9%	\$ (103,432)	-5.4%
Investment revenue	354,152	11.8%	399,130	13.9%	(44,978)	-11.3%
Change in fair value of investments	809,398	26.9%	542,430	18.9%	266,968	49.2%
Insurance recoveries and other revenue	33,533	1.1%	9,866	0.3%	23,667	239.9%
Total revenue	\$ 3,007,073	100.0%	\$ 2,864,848	100.0%	\$ 142,225	

Revenues: Revenues totaled \$3,007,073 for the year ended December 31, 2007. Overall, revenues improved moderately, increasing \$142,225 or 5.0 percent over the prior year. The majority of this increase relates to the investment pool. Specifically, the Authority's equity portfolio increased significantly in value over the prior year. In addition, during the year in 2006, the Authority changed its investment policy to allow for a greater allocation of its assets to be invested in equities. This change in the investment policy is also responsible for the corresponding decrease in investment revenue since returns in the equity market primarily take the form of changes in fair value. 2007 represents a full year with the new investment policy.

Loss premiums represent charges made to Authority members for insurance coverage. These revenues cover both the payments made to the insurance carrier for excess insurance as well as the actuarially determined cost for the self-insured retentions. This revenue decreased because there were moderate decreases for insurance coverage as well as the actuarially determined amount for self-retention. In addition, insurance recoveries can vary by year. In 2007, the Authority received \$33,533 for various claims.

	<u>2007</u>	<u>% of Total</u>	<u>2006</u>	<u>% of Total</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Expenses						
Claims and legal expenses paid	\$ 371,507	-57.0%	\$ 229,789	23.6%	\$ 141,718	61.7%
(Increase) decrease in unpaid claims liability	(1,697,292)	260.5%	11,181	1.1%	(1,708,473)	-15280.1%
Excess insurance	404,464	-62.1%	451,022	46.4%	(46,558)	-10.3%
Risk management, administrative and other expenses	240,271	-36.9%	241,875	24.9%	(1,604)	-0.7%
Investment management fees	29,405	-4.5%	38,627	4.0%	(9,222)	-23.9%
Total expenses	\$ (651,645)	100.0%	\$ 972,494	100.0%	\$ (1,624,139)	

Expenses: Expenses totaled (\$651,645) for the year ended December 31, 2007. This was a significant decrease over the prior year and is due to the decrease in the unpaid claims liability. As indicated with the discussion of the unpaid claims liability, the prior year included significant remediation costs for the SouthWest Ottawa Landfill. Since most of these have been paid, the liability is lower.

Claims and legal expenses paid can vary significantly by year depending on settlements. 2007 includes a \$58,000 payment for a mental health agency claim. The remaining claims paid in 2007 relate primarily to auto physical damage to patrol vehicles and remediation costs for the South West Ottawa landfill.

Member Assessment and Base Allocation

The allocation of assessments among members is based upon an exposure base determined by operating expenditures and unit measurements for property/liability.

Pension Funds

The Authority has no employees; as such, it contracts for all administrative, accounting, and financial reporting services with Ottawa County and other outside entities.

Cash Management

The Authority's investment policy, approved by its Board of Directors, has the objective of pursuing an optimum rate of return without sacrificing safety on available assets not required for current operating needs while maintaining sufficient liquidity to meet cash flow needs. Specific investments are made in accordance with the Authority's investment policy, which conforms to the guidelines established for investment of public funds by the Michigan Revised Statutes.

As of December 31, 2007, the Authority's investment portfolio was comprised of the following:

Instrument	Total Principal	% of Portfolio
Debt Securities:		
U.S. Government	\$1,717,315	11.6%
Mortgage-backed	46,912	0.3%
Discount notes	425,155	2.9%
Agency passthroughs	1,115,880	7.5%
Corporate	898,792	6.1%
Foreign	41,226	0.3%
Corporate asset backed	394,133	2.7%
Equity Securities:		
Common stocks	5,377,267	36.4%
Mutual Funds:		
Domestic equities	1,753,253	11.9%
International equities	1,983,279	13.4%
Cash	1,027,078	6.9%
TOTAL	<u><u>\$14,780,290</u></u>	

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Fiscal Services Director, 12220 Fillmore Street, Room 331, West Olive, Michigan, 49460.

BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

STATEMENTS OF NET ASSETS

DECEMBER 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Current assets		
Investments	\$ 13,753,212	\$ 13,232,341
Restricted investments	5,234,566	5,010,263
Cash and cash equivalents	1,027,078	208,565
Accrued interest receivable	155,911	126,771
Prepaid insurance	110,958	109,772
	<u>20,281,725</u>	<u>18,687,712</u>
Total assets		
	<u>20,281,725</u>	<u>18,687,712</u>
Current liabilities		
Unpaid claims liabilities	5,754,629	7,457,906
Pending investments	-	626,477
Due to Ottawa County	3,941,743	3,676,694
	<u>9,696,372</u>	<u>11,761,077</u>
Total liabilities		
	<u>9,696,372</u>	<u>11,761,077</u>
Net assets - unrestricted	<u>\$ 10,585,353</u>	<u>\$ 6,926,635</u>

The accompanying notes are an integral part of these financial statements.

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

**STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS**

FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues		
Loss premium revenues	\$ 1,809,990	\$ 1,913,422
Insurance recoveries and other revenues	<u>33,533</u>	<u>9,866</u>
Total operating revenues	<u>1,843,523</u>	<u>1,923,288</u>
Operating expenses		
Claims and related expenses		
Claims and legal expenses paid	371,507	229,789
Increase (decrease) in unpaid claims liabilities	(1,697,292)	11,181
Excess insurance expense	404,464	451,022
Risk management and other expenses		
Risk management, administrative services and other expenses	240,271	241,875
Investment management fees	<u>29,405</u>	<u>38,627</u>
Total operating expenses	<u>(651,645)</u>	<u>972,494</u>
Operating income	<u>2,495,168</u>	<u>950,794</u>
Nonoperating revenues		
Investment revenue	354,152	399,130
Change in fair value of investments	<u>809,398</u>	<u>542,430</u>
Total nonoperating revenues	<u>1,163,550</u>	<u>941,560</u>
Income before transfers	3,658,718	1,892,354
Transfer to Ottawa County	<u>-</u>	<u>-</u>
Change in net assets	3,658,718	1,892,354
Net assets, beginning of year	<u>6,926,635</u>	<u>5,034,281</u>
Net assets, end of year	<u><u>\$ 10,585,353</u></u>	<u><u>\$ 6,926,635</u></u>

The accompanying notes are an integral part of these financial statements.

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities		
Loss premiums collected	\$ 1,809,990	\$ 1,913,422
Insurance recoveries and other revenues collected	33,533	9,866
Custodial funds received (paid)	259,796	225,942
Claims and related expenses paid	(783,142)	(2,443,404)
Risk management and other expenses paid	(264,423)	(276,539)
	<u>1,055,754</u>	<u>(570,713)</u>
Net cash provided by (used in) operating activities		
Cash flows from noncapital financing activities		
Transfer to Ottawa County	<u>-</u>	<u>-</u>
Cash flows from investing activities		
Purchase of investments	(25,257,856)	(22,864,075)
Proceeds from sale and redemption of investments	24,695,603	22,345,220
Investment income received	325,012	417,559
	<u>(237,241)</u>	<u>(101,296)</u>
Net cash provided by (used in) investing activities		
Net increase (decrease) in cash and cash equivalents	818,513	(672,009)
Cash and cash equivalents, beginning of year	<u>208,565</u>	<u>880,574</u>
Cash and cash equivalents, end of year	<u>\$ 1,027,078</u>	<u>\$ 208,565</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income	\$ 2,495,168	\$ 950,794
Adjustments to reconcile operating income to net cash provided by (used in) operating activities		
Increase (decrease) in prepaid insurance	(1,186)	6,115
Increase (decrease) in unpaid claims liabilities	(1,703,277)	(1,757,527)
Increase (decrease) in due to Ottawa County	265,049	229,905
	<u>265,049</u>	<u>229,905</u>
Net cash provided by (used in) operating activities	<u>\$ 1,055,754</u>	<u>\$ (570,713)</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Ottawa County, Michigan Insurance Authority (the "Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In November 1989, the GASB issued Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. GASB No. 10 establishes accounting and financial reporting standards for risk financing and insurance related activities for state and local governmental entities, including public entity risk pools. These financial statements have been prepared in accordance with GASB No. 10, as amended.

The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Authority was organized for the purpose of providing insurance coverage and risk management and related services to participating public entities pursuant to State of Michigan Act No. 36 of the Public Acts of 1988.

The Authority was formed by Ottawa County and the Ottawa County Building Authority, the original participating public entities. Additional public entities may be admitted by unanimous vote of all current participating public entities. Presently, no additional public entities have applied or been admitted for participation.

The Authority is governed by a board consisting of one appointed and four elected officials of Ottawa County and one elected or appointed official from each other participating public entity.

The Authority is a blended component unit of Ottawa County. Accordingly, the Authority's financial statements are included in the County's Comprehensive Annual Financial Report. The Authority is considered to be a component unit of the County because the County has the ability to significantly influence operations and has accountability for fiscal matters.

In 1992, the Authority issued its first indemnity contracts to participating public entities and, accordingly, began collecting premiums, processing and adjusting claims, and paying losses. Prior to 1992, the Authority's activity was limited to investment of the original capital contributions from Ottawa County and recording related investment income and fees.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Authority's operating fund, an *internal service fund* (a type of proprietary fund), is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the related cash flows.

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are member insurance premiums. Operating expenses include the cost of claims, risk management and administration. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed by the Authority to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of money market mutual funds and other short-term investments with an original maturity of three months or less and are carried at cost, which approximates fair value.

Investments and Restricted Investments

The Authority's investments and restricted investments are stated at fair value which is determined as follows: (a) securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates and (b) investments that do not have established market values are reported at estimated fair value.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between the Authority and Ottawa County for goods provided and services rendered. These receivables/payables are classified as "due from/to Ottawa County" on the statements of net assets.

Unpaid Claims Liabilities

The Authority records unpaid claims liabilities based on estimates of the ultimate cost of claims, including future claim adjustment expenses, that have been reported but not settled, and of claims that have been incurred but not reported. Because actual claims costs depend on such complex factors as inflation, damage awards and changes in legal liability doctrines, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability. Claims liabilities are (or will be) recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency and other economic and societal factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

2. DEPOSITS AND INVESTMENTS

The Authority's investments, including its cash and cash equivalents, are held in a trust account at a local bank. Public Act 218 of 1956 (the Insurance Code of 1956) establishes asset requirements for domestic insurers. Qualified assets as defined thereunder include investments in domestic and foreign stocks, bonds, and other indebtedness of solvent corporations as approved by the insurer's governing body entrusted with its investments, subject to certain percentage of portfolio limitations. Generally, the statute does not prohibit investments in any asset otherwise permitted to be held by any other person or corporation under Michigan laws. All of the Authority's investments comply with the State statutes.

Custodial Credit Risk. The Authority's savings account cash in the amount of \$1,175 and \$1,170 at December 31, 2007 and 2006, respectively, was FDIC insured. Its short-term investments in money market funds amounting to \$1,025,903 and \$207,395 at December 31, 2007 and 2006, respectively, are rated AAm by S&P and are not subject to custodial risk categorization. At December 31, 2007 and 2006, the Authority did not have any custodial credit risk on its investments.

The cost and estimated fair values of investments in debt and equity securities at December 31, 2007 and 2006, are summarized as follows:

	<u>Cost</u>	<u>Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
2007				
Debt securities				
U.S. Government	\$ 1,665,099	\$ 52,216	\$ -	\$ 1,717,315
Mortgage-backed	46,514	398	-	46,912
Discount notes	423,319	1,836	-	425,155
Agency Passthroughs	1,106,291	9,589	-	1,115,880
Corporate	902,272	8,533	12,013	898,792
Foreign	39,952	1,274	-	41,226
Corporate Asset Backed	390,976	3,157	-	394,133
Equity Securities				
Common Stocks	4,803,306	770,485	196,524	5,377,267
Mutual Funds				
Domestic equities	1,887,682	-	134,429	1,753,253
International Equities	1,628,256	355,023	-	1,983,279
Total	<u>\$12,893,667</u>	<u>\$1,202,511</u>	<u>\$342,966</u>	<u>\$13,753,212</u>
2006				
Debt securities				
U.S. Government	\$ 2,116,811	\$ 589	\$ 17,272	\$ 2,100,128
Mortgage-backed	949,137	215	5,309	944,043
Discount notes	633,361	761	-	634,122
Corporate	1,158,130	3,065	27,609	1,133,586
Equity Securities				
Common Stocks	4,138,202	894,969	69,388	4,963,783
Mutual Funds				
Domestic equities	1,719,739	-	20,803	1,698,936
International Equities	1,608,729	149,014	-	1,757,743
Pending Trades	(626,477)	-	-	(626,477)
Total	<u>\$11,697,632</u>	<u>\$1,048,613</u>	<u>\$140,381</u>	<u>\$12,605,864</u>

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

Net realized gains on the sale of investments were as follows for the year ended December 31:

	<u>2007</u>	<u>2006</u>
Debt securities	\$ 7,739	\$ 77,634
Equity Securities	540,182	507,678
Mutual funds	114,929	74,739

The calculation of realized gains and losses is independent of the calculation of net change in the fair value of investments. Unrealized gains and losses on investments sold in the current year that had been held for more than one year were included in the net change reported in the current and prior years.

Interest Rate Risk. The Authority had the following investments and maturities in debt securities (none of which are callable) as of December 31:

			Investment Maturities (fair value by year)			
	<u>Cost</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Over 10</u>
<u>2007</u>						
U.S. Treasuries	\$1,665,099	\$1,717,315	\$ -	\$ 706,679	\$1,010,636	\$ -
U.S. Agencies						
Mortgage-backed	46,514	46,912	-	46,912	-	-
Discount Notes	423,319	425,155	425,155	-	-	-
Agency Passthroughs	1,106,291	1,115,880	-	-	-	1,115,880
U.S. Corporate	902,272	898,792	9,037	317,337	306,330	266,088
Foreign Corporate	39,952	41,226	-	-	41,226	-
U.S. Corporate asset backed	390,976	394,133	-	149,950	191,065	53,118
Total	<u>\$4,574,423</u>	<u>\$4,639,413</u>	<u>\$434,192</u>	<u>\$1,220,878</u>	<u>\$1,549,257</u>	<u>\$1,435,086</u>
<u>2006</u>						
U.S. Treasuries	\$2,116,811	\$2,100,128	\$ 620,169	\$ 553,074	\$ 926,885	\$ -
U.S. Agencies						
Mortgage-backed	949,137	944,043	125,039	194,876	-	624,128
Discount Notes	633,361	634,122	634,122	-	-	-
U.S. Corporate	1,158,130	1,133,586	151,120	426,937	555,529	-
Total	<u>\$4,857,439</u>	<u>\$4,811,879</u>	<u>\$1,530,450</u>	<u>\$1,174,887</u>	<u>\$1,482,414</u>	<u>\$624,128</u>

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

Credit Risk. As of December 31, 2007, the Authority's investments in U.S. Treasury notes were rated AAA by Moody's, mortgage-backed bonds of U.S. agencies were rated AAA by Moody's; discount notes of U.S. agencies were rated A-1+ by Moody's, Agency Passthrough pools were not rated, U.S. Corporate asset backed were rated AAA by Moody's. The Authority's investments in U.S. and Foreign corporate bonds were rated by Moody's as follows:

AAA	\$ 66,994
AA3	126,111
AA1	35,055
A3	60,671
A2	92,760
A1	219,074
BBB+	14,369
BAA3	48,581
BAA2	87,802
BAA1	132,087
BA3	6,400
BA1	8,888
	<u>\$898,792</u>

3. RESTRICTED INVESTMENTS

In 1998, to comply with Michigan Insurance Bureau regulations, the Authority transferred certain investments – i.e., U.S. Treasury Notes – to the Michigan Department of Treasury as security for the benefit of the Authority's policyholders. As these investments mature, they are replaced with comparable investments to maintain a face value balance of \$5.0 million. Such investments held by the State Treasurer as of December 31, 2007 and 2006, are as summarized below.

<u>Description</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Face Value</u>	<u>Fair Value</u>	
				<u>2007</u>	<u>2006</u>
U.S. Treasury Notes	03/31/2011	4.875%	\$1,400,000	\$1,477,434	\$ -
U.S. Treasury Notes	07/31/2011	4.875%	1,675,000	1,767,644	-
U.S. Treasury Notes	08/15/2016	4.875%	485,000	516,448	-
U.S. Treasury Notes	02/15/2007	6.250%	485,000	-	485,756
U.S. Treasury Notes	02/15/2007	4.375%	1,400,000	-	1,396,444
U.S. Treasury Notes	08/15/2007	6.125%	1,675,000	-	1,685,804
U.S. Treasury Notes	11/15/2008	4.750%	1,100,000	1,112,375	1,098,845
U.S. Treasury Notes	02/15/2012	4.875%	340,000	360,665	343,414
Total			<u>\$8,560,000</u>	<u>\$5,234,566</u>	<u>\$5,010,263</u>

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

4. UNPAID CLAIMS LIABILITIES

As discussed in Note 1, the Authority establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in those aggregate liabilities for the Authority during 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Unpaid claims and claim adjustment expenses at the beginning of the year	\$7,457,906	\$9,215,433
Incurred claims and claim adjustment expenses (undiscounted):		
Provision for insured events of the current year	1,779,466	1,899,010
Increase (decrease) in provision for insured events of prior years	(3,111,236)	(1,667,149)
Total incurred claims and claim adjustment expenses	(1,331,770)	231,861
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	132,908	106,687
Claims and claim adjustment expenses attributable to insured events of the prior year	238,599	1,882,701
Total payments	371,507	1,989,388
Total unpaid claims and claim adjustment expenses at the end of the year	<u>\$5,754,629</u>	<u>\$7,457,906</u>

In 1996, upon advice of legal counsel and its actuary, the Authority established a liability for certain uninsured exposures (i.e., exposures excluded from commercially purchased policies and, generally, not subject to readily available policies in the market), including environmental impairment and remediation, employment relations, and defense of non-monetary claims. At December 31, 2007 and 2006, the amount of this liability, which is included in the totals above, was \$2,597,050 and \$3,663,353, respectively.

5. CUSTODIAL FUNDS MANAGEMENT

Pursuant to an interpretation of State statutes by the Michigan Insurance Bureau (MIB), the Authority discontinued coverage of workers compensation claims effective January 1, 1996. The MIB allowed, however, that the Authority could continue to manage the monies of the County's self-insured workers compensation fund in a custodial capacity provided that it: (1) did not cover or process claims; and (2) maintained sufficient deposits and/or investments of such a character and level to otherwise comply with State investment statutes for local governments. The Authority complied with these stipulations for 2007 and 2006.

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

6. EXCESS INSURANCE

The following presents the Authority's per occurrence self-insured retentions:

<u>COVERAGE</u>	<u>Self-Insured Retention Per Occurrence</u>
General Liability, Public Officials E&O and Police	
Professional Liability	
4/1/01 - 3/31/09	\$1,000,000
4/1/94 - 3/31/01	500,000
4/1/93 - 3/31/94	250,000
General Liability	
4/1/89 - 3/31/93	\$250,000
Automobile Liability	
4/1/02 - 3/31/09	\$25,000
Automobile Physical Damage	
10/1/86 - 3/31/09	Unlimited
Property	\$50,000
4/1/02 - 3/31/09	25,000
4/1/01 - 3/31/02	5,000
4/1/93 - 3/31/01	
Medical Professional Liability	
4/1/03 - 3/31/09	\$1,000,000
4/1/93 - 3/31/03	500,000
4/1/91 - 3/31/93	250,000

7. PREMIUM DEFICIENCY

The Authority has determined that a premium deficiency did not exist at December 31, 2007 and 2006. The Authority considered anticipated investment income in making this determination.

* * * * *

SUPPLEMENTAL SCHEDULES

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

SUPPLEMENTAL CLAIMS DEVELOPMENT INFORMATION

	1986 to 1991 (A)	1992	1993	1994 (C)	1995	1996 (D)	1997
Loss premium and investment revenues	\$ -	\$ 1,229,319	\$ 1,441,923	\$ 1,530,430	\$ 1,831,066	\$ 1,272,013	\$ 1,326,315
Estimated incurred claims and allocated loss adjustment expenses, end of policy year	1,070,247	455,251	349,515	794,982	799,613	2,643,981	741,416
Paid (cumulative) as of:							
End of policy year	252,746	23,521	21,375	98,563	41,243	61,374	57,888
1 year later	507,387	68,883	59,536	138,363	71,981	71,898	79,905
2 years later	656,630	73,381	71,570	137,679	97,801	117,670	87,692
3 years later	700,369	89,334	77,205	139,078	105,031	384,542	90,371
4 years later	722,260	94,217	83,526	140,038	150,782	385,509	90,875
5 years later	744,069	93,512	84,926	141,781	158,222	386,013	90,745
6 years later	764,453	93,512	84,926	143,526	158,222	415,256	90,745
7 years later	764,027	93,512	84,926	161,129	158,222	429,900	90,745
8 years later	764,027	93,512	84,926	161,129	158,222	434,514	90,745
9 years later	764,027	93,512	84,926	161,129	158,222	441,407	90,745
10 years later	764,027	93,512	84,926	161,129	158,222	1,767,749	90,745
11 years later	764,027	93,512	84,926	161,129	158,222	1,815,330	
12 years later	764,027	93,512	84,926	161,129	158,222		
13 years later	764,027	93,512	84,926	161,129			
14 years later	764,027	93,512	84,926				
15 years later	764,027	93,512					
16 years later	764,027						
Reestimated incurred claims and allocated loss adjustment expense:							
End of policy year	(B)	455,251	349,515	794,982	799,613	2,643,981	741,416
1 year later	1,070,247	388,570	570,120	636,861	578,395	2,979,058	583,280
2 years later	1,325,209	423,155	441,538	419,920	824,159	3,219,787	327,674
3 years later	1,049,161	323,678	270,749	346,321	391,195	2,711,301	90,626
4 years later	1,106,021	238,143	228,001	308,928	209,335	3,825,063	91,824
5 years later	1,009,591	207,629	84,926	157,588	158,222	3,739,534	90,745
6 years later	896,448	93,512	84,926	183,084	158,222	4,690,352	90,745
7 years later	764,027	93,512	84,926	162,955	158,222	6,372,578	90,745
8 years later	764,027	93,512	84,926	161,129	158,222	6,422,465	90,745
9 years later	764,027	93,512	84,926	161,129	158,222	4,541,852	90,745
10 years later	764,027	93,512	84,926	161,129	158,222	4,527,735	90,745
11 years later	764,027	93,512	84,926	161,129	158,222	3,598,057	
12 years later	764,027	93,512	84,926	161,129	158,222		
13 years later	764,027	93,512	84,926	161,129			
14 years later	764,027	93,512	84,926				
15 years later	764,027	93,512					
16 years later	764,027						
Increase (decrease) in estimated incurred claims and allocated loss adjustment expense from end of policy year	-	-	-	-	-	(929,678)	-

(A) Claims and loss adjustment expenses and payments for the six-year period prior to 1992, which was the first year that the Authority issued insurance contracts, are included for actuarial purposes in the calculation of total unpaid claims and loss adjustment expenses.

(B) Amount is not readily determinable.

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
\$ 1,414,804	\$ 1,527,955	\$ 1,437,975	\$ 1,552,616	\$ 1,657,986	\$ 1,885,825	\$ 2,090,638	\$ 2,126,231	\$ 2,312,552	\$ 2,164,142
862,448	1,071,908	1,996,252	1,652,919	1,514,478	1,225,971	1,655,863	1,833,338	1,899,010	1,770,128
77,872	58,601	172,327	101,158	182,395	93,623	95,865	156,961	106,687	132,907
91,517	66,842	196,873	164,777	249,749	154,455	180,123	222,798	139,761	
103,579	70,968	224,385	184,120	235,167	150,034	192,769	228,298		
117,208	64,777	285,881	166,367	246,397	169,905	242,003			
117,620	66,800	180,017	173,403	262,037	259,135				
117,620	57,360	186,700	173,403	276,018					
117,620	57,360	629,066	173,403						
117,620	57,360	629,066							
117,620	57,360								
117,620									
862,448	1,071,908	1,996,252	1,652,919	1,514,478	1,225,971	1,655,863	1,833,338	1,899,010	1,770,128
799,686	418,396	1,942,279	1,051,239	1,019,798	928,333	1,066,205	1,203,650	1,165,083	
315,906	194,754	1,971,751	798,503	523,070	581,124	839,080	299,178		
117,344	64,924	2,145,689	166,527	501,818	436,895	558,084			
117,620	66,800	1,982,949	173,403	370,113	259,135				
117,620	57,360	2,004,087	173,403	384,093					
117,620	57,360	1,483,802	173,403						
117,620	57,360	1,443,389							
117,620	57,360								
117,620									
-	-	(40,413)	-	13,980	(177,760)	(280,996)	(904,472)	(733,927)	1,770,128

(C) Beginning in 1994, the Authority increased the confidence level from 53% to 99% for purposes of actuarial valuation of estimated losses.

(D) Beginning in 1996, includes provision for certain uninsured exposures: environmental impairment, employment relations and defense of non-monetary claims and excludes workers compensation coverage.

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

SUPPLEMENTAL SCHEDULE OF UNPAID CLAIMS LIABILITIES

FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

	<u>General Liability (A)</u>		<u>Automobile Damage & Liability</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Unpaid claims and claim adjustment expenses, beginning of year	<u>\$ 2,977,079</u>	<u>\$ 3,388,721</u>	<u>\$ 126,729</u>	<u>\$ 240,639</u>
Estimated incurred claims and claim adjustment expenses (undiscounted)				
Provisions for current year insured events	1,132,002	1,361,734	225,162	144,239
Increase (decrease) in provision for prior year insured events	<u>(1,593,772)</u>	<u>(1,200,253)</u>	<u>(93,581)</u>	<u>(183,883)</u>
Total estimated incurred claims and claim adjustment expenses	<u>(461,770)</u>	<u>161,481</u>	<u>131,581</u>	<u>(39,644)</u>
Payments				
Claims and claim adjustment expenses attributable to current year insured events	4,221	42,279	104,019	48,800
Claims and claim adjustment expenses attributable to prior year insured events	<u>187,667</u>	<u>530,844</u>	<u>3,261</u>	<u>25,466</u>
Total payments	<u>191,888</u>	<u>573,123</u>	<u>107,280</u>	<u>74,266</u>
Total unpaid claims and claim adjustment expenses, end of year	<u>\$ 2,323,421</u>	<u>\$ 2,977,079</u>	<u>\$ 151,030</u>	<u>\$ 126,729</u>

(A) Includes police and public officials liability coverage.

(B) Includes environmental impairment liability, employment relations liability and defense of non-monetary claims.

Property & Crime		Medical Professional Liability		Uninsured Exposures (B)		Totals	
2007	2006	2007	2006	2007	2006	2007	2006
\$ 28,629	\$ 4,074	\$ 662,116	\$ 571,716	\$ 3,663,353	\$ 5,010,283	\$ 7,457,906	\$ 9,215,433
59,754	44,237	362,548	348,800	-	-	1,779,466	1,899,010
(28,539)	(4,024)	(376,622)	(258,400)	(1,018,722)	(20,589)	(3,111,236)	(1,667,149)
31,215	40,213	(14,074)	90,400	(1,018,722)	(20,589)	(1,331,770)	231,861
24,668	15,608	-	-	-	-	132,908	106,687
90	50	-	-	47,581	1,326,341	238,599	1,882,701
24,758	15,658	-	-	47,581	1,326,341	371,507	1,989,388
<u>\$ 35,086</u>	<u>\$ 28,629</u>	<u>\$ 648,042</u>	<u>\$ 662,116</u>	<u>\$ 2,597,050</u>	<u>\$ 3,663,353</u>	<u>\$ 5,754,629</u>	<u>\$ 7,457,906</u>

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

SUPPLEMENTAL SCHEDULE OF INVESTMENTS - BONDS AND NOTES

DECEMBER 31, 2007 and 2006

				2007			2006		
	Credit rating	Maturity	Interest rate	Face value	Cost	Fair value	Face value	Cost	Fair value
U.S. Government Securities									
U.S. Treasury Notes	AAA	08/15/09	4.875%	\$ 5,000	\$ 5,033	\$ 5,138	\$ -	\$ -	\$ -
U.S. Treasury Notes	AAA	02/15/10	6.500%	360,000	379,969	384,948	-	-	-
U.S. Treasury Notes	AAA	07/31/11	4.875%	300,000	305,624	316,593	-	-	-
U.S. Treasury Notes	AAA	05/15/14	4.750%	650,000	666,606	691,184	-	-	-
U.S. Treasury Notes	AAA	08/15/16	4.875%	300,000	307,867	319,452	-	-	-
U.S. Treasury Notes	AAA	09/30/07	4.000%	-	-	-	625,000	619,580	620,169
U.S. Treasury Notes	AAA	08/15/08	3.250%	-	-	-	25,000	24,550	24,383
U.S. Treasury Notes	AAA	07/31/11	4.875%	-	-	-	525,000	531,376	528,691
U.S. Treasury Notes	AAA	02/15/12	4.875%	-	-	-	95,000	101,063	95,868
U.S. Treasury Notes	AAA	05/15/14	4.750%	-	-	-	410,000	416,537	411,058
U.S. Treasury Notes	AAA	08/15/16	4.875%	-	-	-	415,000	423,705	419,959
				1,615,000	1,665,099	1,717,315	2,095,000	2,116,811	2,100,128
Mortgage-Backed Securities									
Federal Home Loan Mortgage	AAA	07/12/10	4.125%	-	-	-	200,000	198,264	194,876
Federal National Mortgage Assn	AAA	10/15/11	5.000%	45,000	46,514	46,912	-	-	-
Federal National Mortgage Assn	AAA	04/15/07	5.250%	-	-	-	125,000	125,798	125,039
Federal National Mortgage Assn	AAA	01/18/21	5.000%	-	-	-	200,000	197,281	196,594
Federal National Mortgage Assn	AAA	01/12/36	6.000%	-	-	-	125,000	126,089	126,269
Federal National Mortgage Assn	AAA	01/12/36	5.500%	-	-	-	150,000	148,764	148,289
Federal National Mortgage Assn	AAA	01/12/36	6.500%	-	-	-	150,000	152,941	152,976
				45,000	46,514	46,912	950,000	949,137	944,043
Discount Notes									
Federal Home Loan Bank	A-1+	01/11/07		-	-	-	435,000	433,997	434,522
Federal National Mortgage Assn	A-1+	08/29/08		135,000	131,472	131,571	-	-	-
Federal National Mortgage Assn	A-1+	02/13/08		295,000	291,847	293,584	-	-	-
Federal National Mortgage Assn	A-1+	01/17/07		-	-	-	200,000	199,364	199,600
				430,000	423,319	425,155	635,000	633,361	634,122
Agency Passthrough Pools									
Federal National Mortgage Assn	N/A	08/01/20		109,689	107,135	107,883	-	-	-
Federal National Mortgage Assn	N/A	11/01/21		133,148	131,338	133,291	-	-	-
Federal National Mortgage Assn	N/A	10/01/36		111,295	112,382	113,041	-	-	-
Federal National Mortgage Assn	N/A	12/01/36		141,088	139,925	140,936	-	-	-
Federal National Mortgage Assn	N/A	12/01/36		134,817	133,027	134,735	-	-	-
Federal National Mortgage Assn	N/A	01/01/37		129,691	132,234	133,327	-	-	-
Federal National Mortgage Assn	N/A	01/01/37		113,332	114,320	115,111	-	-	-
Federal National Mortgage Assn	N/A	04/01/37		116,960	116,161	116,828	-	-	-
Federal National Mortgage Assn	N/A	10/01/37		118,878	119,779	120,728	-	-	-
				1,108,898	1,106,291	1,115,880	-	-	-

(continued)

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

SUPPLEMENTAL SCHEDULE OF INVESTMENTS - BONDS AND NOTES

DECEMBER 31, 2007 and 2006

	Credit rating	Maturity	Interest rate	2007			2006		
				Face value	Cost	Fair value	Face value	Cost	Fair value
US Corporate Notes/Bonds									
Countrywide Home Loan	BAA3	05/21/08	3.250%	\$ 10,000	\$ 9,275	\$ 9,037	\$ -	\$ -	\$ -
American Gen Fin Corp	A1	10/01/09	3.875%	25,000	24,227	24,711	-	-	-
Consumers Energy Co	BAA1	05/15/10	4.000%	10,000	9,655	9,773	-	-	-
Residential Cap Corp	BA3	06/30/10	6.375%	10,000	10,086	6,400	-	-	-
International Lease Fin Corp Mtn	A1	09/15/10	5.625%	25,000	25,056	25,377	-	-	-
Citigroup Inc Nt	A1	10/01/10	7.250%	15,000	16,047	15,865	-	-	-
Burlington North Santa Fee	BAA1	07/15/11	6.750%	15,000	15,695	15,844	-	-	-
BB&T Corp Sub Nt	A1	08/01/11	6.500%	10,000	10,338	10,444	-	-	-
Household Finance Corp Nt	AA3	10/15/11	6.375%	35,000	36,565	36,061	-	-	-
Sothorn Co	A3	01/15/12	5.300%	10,000	9,989	10,181	-	-	-
Bear Stearns Co Inc	A2	02/01/12	5.350%	20,000	19,919	19,478	-	-	-
Genworth Financial Inc	A2	06/15/12	5.650%	15,000	14,996	15,166	-	-	-
Lowe's Cos Inc Nt	A1	09/15/12	5.600%	15,000	14,975	15,405	-	-	-
BB&T Corp Nt	A1	10/01/12	4.750%	20,000	19,500	19,591	-	-	-
ERP Operating LP	BAA1	10/01/12	5.500%	10,000	9,947	9,913	-	-	-
Clorox Sr Nt	BAA1	10/15/12	5.450%	15,000	15,054	15,124	-	-	-
Virginia Elec & Pwr Co Sr Nt	BAA1	03/01/13	4.750%	15,000	14,523	14,576	-	-	-
Apache Corporation	A3	04/15/13	5.250%	10,000	9,975	10,236	-	-	-
Comcast Cable Comm Inc	BAA2	06/15/13	7.125%	15,000	15,836	16,036	-	-	-
Istar Finl Inc Sr Nt	BAA2	10/15/13	5.950%	20,000	18,797	17,428	-	-	-
Home Depot Inc	BAA1	12/16/13	5.250%	10,000	9,719	9,728	-	-	-
XTO Energy Inc	BAA2	02/01/14	4.900%	10,000	9,537	9,710	-	-	-
CIT Group Inc	A2	09/30/14	5.125%	20,000	16,444	17,617	-	-	-
Goldman Sachs Group Inc	AA3	10/01/14	5.000%	15,000	14,564	14,705	-	-	-
Appalachian Pwr Co Sr Nt	BAA2	02/01/15	4.950%	10,000	9,568	9,493	-	-	-
Energy Transfer Ptnrs LP	BAA3	02/01/15	5.950%	10,000	10,160	9,809	-	-	-
Nextel Communications Inc	BAA3	08/01/15	7.375%	15,000	14,625	14,769	-	-	-
Verizon Communications	A3	02/15/16	5.550%	15,000	14,944	15,161	-	-	-
Centex Corp	BA1	05/01/16	6.500%	10,000	9,550	8,888	-	-	-
SBC Communications Inc	A2	06/15/16	5.625%	20,000	19,853	20,228	-	-	-
Realty Income Corp Nt	BAA1	09/15/16	5.950%	20,000	19,507	19,626	-	-	-
National Rural Util Coop	A1	04/10/17	5.450%	10,000	9,968	9,974	-	-	-
CVS Caremark Corp	BaA2	06/01/17	5.750%	15,000	14,589	15,097	-	-	-
Merrill Lynch & Co Inc Med Term	A1	08/28/17	6.400%	25,000	24,945	25,399	-	-	-
Marathon Oil Corp Sr Nt	BAA1	10/01/17	6.000%	15,000	14,917	15,275	-	-	-
Union Pacific Corp Sr Nt	BAA2	11/15/17	5.750%	10,000	9,993	9,962	-	-	-
Citigroup Inc Nt	AA3	11/21/17	6.125%	15,000	14,936	15,408	-	-	-
Bank of America Corp Sr Nt	AA1	12/01/17	5.750%	20,000	19,859	20,046	-	-	-
Prudential Finl Inc Med Term	A3	12/01/17	6.000%	10,000	9,936	9,958	-	-	-
Wells Fargo & Co Sr Unsecd Nt	AA1	12/11/17	5.625%	15,000	14,938	15,009	-	-	-
Lehman Bros Hldg Sub Nt	A2	12/28/17	6.750%	5,000	4,996	5,154	-	-	-
Kraft Foods Inc	BAA2	02/01/18	6.125%	10,000	9,951	10,076	-	-	-
Nisource Finance Corp	BAA3	03/15/18	6.400%	15,000	14,986	14,966	-	-	-
Bell Atlantic Financial Services	A	03/15/07	7.600%	-	-	-	50,000	55,729	50,206
Boeing Capital Corporation	A+	11/15/07	6.350%	-	-	-	50,000	53,207	50,300
Bear Stearns Companies, Inc.	A	12/15/07	6.750%	-	-	-	50,000	55,528	50,614
Household Finance Corp.	AA-	06/17/08	6.400%	-	-	-	50,000	53,807	50,766
Associates Corporation	A+	11/15/08	6.875%	-	-	-	50,000	54,998	51,355
John Deere Corporation	A	01/13/09	3.750%	-	-	-	50,000	48,804	48,521
International Lease Finance	AA-	04/01/09	3.500%	-	-	-	50,000	47,394	48,096
American General Finance	A+	10/01/09	3.875%	-	-	-	25,000	24,227	24,059

(continued)

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

SUPPLEMENTAL SCHEDULE OF INVESTMENTS - BONDS AND NOTES

DECEMBER 31, 2007 and 2006

				2007			2006		
	Credit rating	Maturity	Interest rate	Face value	Cost	Fair value	Face value	Cost	Fair value
US Corporate Notes/Bonds									
Wal-Mart Stores	AA	08/15/10	4.750%	\$ -	\$ -	\$ -	\$ 50,000	\$ 49,671	\$ 49,378
ING USA Global Funding	AA3	10/01/10	4.500%	25,000	24,671	25,040	25,000	24,672	24,377
Chase Auto Owner	AAA	05/15/11	5.130%	-	-	-	100,000	100,297	99,999
FPL Group Capital	A-	09/01/11	5.625%	-	-	-	15,000	15,396	15,164
Capital One Financial	BBB+	09/15/11	5.700%	-	-	-	15,000	15,313	15,222
Alcoa Incorporated	A-	01/15/12	6.000%	-	-	-	50,000	52,096	51,307
General Electric Capital Corp.	AAA	01/15/13	5.450%	65,000	65,757	66,994	75,000	76,256	75,716
Bank One Corporation	AA3	01/30/13	5.250%	35,000	35,149	34,897	70,000	70,298	69,418
Residential Capital	BBB	04/17/13	6.500%	-	-	-	10,000	10,238	10,134
Lehman Brothers Holdings	A+	05/17/13	5.750%	-	-	-	15,000	15,405	15,237
Pacificorp 1st Mortgage	A3	09/15/13	5.450%	15,000	15,181	15,135	15,000	15,181	14,992
Goldman Sachs Group	AA-	01/15/14	5.150%	-	-	-	40,000	39,535	39,404
Morgan Stanley	A1	04/01/14	4.750%	25,000	23,763	23,421	50,000	45,774	47,807
SLM Corporation	BAA1	05/15/14	5.375%	25,000	24,637	22,228	50,000	49,273	49,603
Wachovia Corporation	A1	08/01/14	5.250%	50,000	49,991	48,887	50,000	49,991	49,391
Key Bank	A2	07/01/14	5.800%	15,000	15,422	15,117	15,000	15,422	15,219
Wellpoint Incorporated	BBB+	12/15/14	5.000%	15,000	14,761	14,369	15,000	14,761	14,522
Pitney Bowes Incorporated	A+	03/15/15	5.000%	-	-	-	50,000	49,257	48,172
iStar Financial	BBB	03/15/16	5.875%	-	-	-	15,000	15,204	14,867
ConocoPhillips	A-	10/15/16	5.625%	-	-	-	25,000	25,457	25,119
Sprint Nextel Corporation	BBB+	12/01/16	6.000%	-	-	-	15,000	14,939	14,619
				910,000	902,272	898,792	1,140,000	1,158,130	1,133,586
Foreign Bonds									
Telefonica Emisiones SAU	BAA1	07/03/17	6.221%	10,000	9,979	10,390	-	-	-
Astrazeneca PLC	A1	09/15/17	5.900%	15,000	14,990	15,751	-	-	-
Diageo Capital PLC	A3	10/23/17	5.750%	15,000	14,983	15,085	-	-	-
				40,000	39,952	41,226	-	-	-
US Corporate Asset Backed Securities									
Chase Auto Owner TR 2006-B	AAA	05/15/11	5.130%	100,000	100,297	100,387	-	-	-
Bank One Issuance Trust	AAA	10/17/11	3.450%	50,000	48,854	49,563	-	-	-
World Omni Auto Receivables trust	AAA	01/17/12	5.280%	40,000	39,999	40,359	-	-	-
USAA Auto Owner Trust	AAA	02/15/12	4.900%	100,000	99,986	100,662	-	-	-
Chase Issuance Trust	AAA	01/15/13	4.230%	50,000	49,002	50,044	-	-	-
Banc Amer Coml Mtg TR 2006-3	AAA	07/10/44	5.685%	52,600	52,838	53,118	-	-	-
				392,600	390,976	394,133	-	-	-
				\$ 4,541,498	\$ 4,574,423	\$ 4,639,413	\$ 4,820,000	\$ 4,857,439	\$ 4,811,879

(concluded)

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

SUPPLEMENTAL SCHEDULES OF INVESTMENTS - COMMON STOCKS

DECEMBER 31, 2007 and 2006

	2007			2006		
	Shares	Cost	Fair value	Shares	Cost	Fair value
Abbott Labs	1,810	\$ 100,549	\$ 101,632	\$ -	\$ -	\$ -
Aes Corporation	6,110	99,097	130,693	4,180	51,127	92,127
Akamai Technologies Inc	2,140	80,592	74,044	-	-	-
Allegheny Technologies, Inc.	960	104,384	82,944	-	-	-
Alistate Corporation	-	-	-	1,360	66,196	88,550
American Express	-	-	-	1,770	82,771	107,386
American International Group Inc.	1,832	110,321	106,806	2,452	142,267	175,710
American Tower Corporation	2,070	78,036	88,182	2,040	73,708	76,051
Amdocs Ltd	2,700	93,070	93,069	-	-	-
Amgen Incorporated	-	-	-	1,260	78,269	86,071
Apple Incorporated	500	40,668	99,040	1,160	80,442	98,414
Bank of America Corporation	2,050	105,358	103,356	2,335	95,006	124,666
Bank New York Mellon Corp	2,270	106,333	110,685	-	-	-
Boeing Corp	1,040	98,666	90,958	-	-	-
Bunge Limited	1,180	90,583	137,364	1,330	78,427	96,438
Cardinal Health Incorporated	1,270	89,713	73,342	1,540	108,943	99,222
Cisco Systems	4,325	89,067	117,078	5,695	97,922	155,644
Citigroup Incorporated	2,035	87,609	59,910	2,575	105,845	143,427
Citrix Systems Incorporated	-	-	-	1,990	56,772	53,830
Colgate-Palmolive Company	1,720	96,545	134,091	1,480	75,502	96,555
ConocoPhillips	-	-	-	1,110	69,938	79,865
Constellation Brands	-	-	-	2,910	68,537	84,448
Dean Foods	4,406	131,981	113,939	1,926	60,423	81,431
Diamond Offshore Drilling Inc	570	64,048	80,940	-	-	-
Dicks Sporting Goods	3,660	90,674	101,602	1,280	45,128	62,707
Ecolab Incorporated	1,790	63,880	91,666	1,310	40,141	59,212
EOG Resources Incorporated	1,100	72,012	98,175	1,500	93,562	93,675
Equitable Resources	1,120	36,281	59,674	2,050	61,103	85,587
Fortune Brands Incorporated	-	-	-	1,020	80,430	87,098
General Electric Company	3,835	124,673	142,163	4,055	127,502	150,887
Genzyme Corporation	1,270	82,167	94,539	1,640	105,939	100,991
GlaxoSmithKline PLC	-	-	-	2,000	107,237	105,520
Goldman Sachs Group Incorporated	520	64,730	111,826	500	48,673	99,675
Google Inc	170	84,777	117,552	-	-	-
Illinois Tool Works	1,640	74,692	87,806	2,000	86,854	92,380
Intel Corp Com	3,620	92,161	96,509	-	-	-

(continued)

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

SUPPLEMENTAL SCHEDULES OF INVESTMENTS - COMMON STOCKS

DECEMBER 31, 2007 and 2006

	2007			2006		
	Shares	Cost	Fair value	Shares	Cost	Fair value
J.P. Morgan Chase & Company	2,960	\$ 118,297	\$ 129,204	2,460	\$ 90,360	\$ 118,818
Johnson and Johnson	-	-	-	1,350	73,014	89,127
Loews Corp	2,630	128,476	132,394	-	-	-
Merrill Lynch & Company	-	-	-	1,085	52,993	101,014
Metlife Inc	1,660	109,085	102,289	-	-	-
MGM Mirage	1,491	93,278	125,274	1,011	44,265	57,981
Microchip Technology Incorporated	2,680	90,632	84,206	3,760	125,558	122,952
Microsoft Corporation	4,320	108,936	153,792	4,850	113,427	144,821
Minnesota Mining & Manufacturing	-	-	-	1,285	92,355	100,140
Motorola Incorporated	-	-	-	4,210	90,199	86,558
Newmont Mining Corporation	-	-	-	1,940	94,415	87,591
NII Holdings	2,380	114,056	115,001	1,460	47,368	94,082
Nordstrom Incorporated	2,830	117,664	103,946	1,520	56,785	74,997
Norfolk Southern Corporation	-	-	-	1,520	74,527	76,441
Novartis	2,880	166,388	156,412	1,880	109,359	107,987
Oracle Corp	3,100	69,562	69,998	-	-	-
Peabody Energy Corporation	-	-	-	2,460	119,166	99,409
Pepsico Incorporated	2,155	118,085	163,564	1,645	81,710	102,895
Schering-Plough Corp	4,360	130,870	116,150	-	-	-
Schlumberger Ltd	1,110	100,243	109,191	-	-	-
Starbucks Corporation	-	-	-	3,410	92,028	120,782
Starwood Hotels	2,565	135,235	112,936	1,875	91,460	117,188
Stericycle Inc	1,020	43,109	60,588	-	-	-
Thermo Fisher Corp	1,810	105,287	104,401	-	-	-
Tidewater Inc	2,150	132,059	117,949	-	-	-
Transocean Incorporated	1,113	120,023	159,326	1,130	65,551	91,406
United Technologies Corporation	2,090	116,574	159,970	1,910	95,265	119,413
Washington Mutual	-	-	-	1,345	54,430	61,184
Weatherford International	1,910	68,657	131,026	2,850	89,616	119,101
Wells Fargo & Company	2,910	92,120	87,853	2,670	82,443	94,945
Yahoo! Incorporated	-	-	-	3,813	113,244	97,384
3M Company	975	72,003	82,212	-	-	-
		<u>\$4,803,306</u>	<u>\$5,377,267</u>		<u>\$4,138,202</u>	<u>\$4,963,783</u>

(concluded)

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

**SUPPLEMENTAL COMPARATIVE SCHEDULE OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS / RETAINED EARNINGS**

FOR THE YEARS ENDED DECEMBER 31, 2007 through 1997

	2007	2006	2005	2004	2003
Operating revenues					
Loss premium revenues	\$ 1,809,990	\$ 1,913,422	\$ 1,615,037	\$ 1,506,570	\$ 1,423,527
Insurance recoveries and other revenues	33,533	9,866	62,381	5,050	20,823
Total operating revenues	1,843,523	1,923,288	1,677,418	1,511,620	1,444,350
Operating expenses					
Claims and legal expenses paid	371,507	229,789	332,669	165,293	220,748
Increase (decrease) in unpaid claims liability	(1,697,292)	11,181	(1,239,127)	102,784	2,107,400
Excess insurance expense	404,464	451,022	476,370	498,597	528,176
Risk management, administrative services and other expenses	240,271	241,875	189,073	186,734	169,929
Investment management fees	29,405	38,627	31,667	34,279	26,477
Total operating expenses	(651,645)	972,494	(209,348)	987,687	3,052,730
Operating income (loss)	2,495,168	950,794	1,886,766	523,933	(1,608,380)
Nonoperating revenues (expenses)					
Investment revenue	354,152	399,130	511,194	584,068	462,298
Change in fair value of investments	809,398	542,430	(40,050)	78,808	793,585
Total nonoperating revenues (expenses)	1,163,550	941,560	471,144	662,876	1,255,883
Income (loss) before transfers	3,658,718	1,892,354	2,357,910	1,186,809	(352,497)
Transfer to Ottawa County	-	-	(546,244)	(518,082)	(603,500)
Change in net assets	3,658,718	1,892,354	1,811,666	668,727	(955,997)
Net assets / retained earnings, beginning of year	6,926,635	5,034,281	3,222,615	2,553,888	3,509,885
Restatements [see notes below]	-	-	-	-	-
Net assets / retained earnings, end of year	\$ 10,585,353	\$ 6,926,635	\$ 5,034,281	\$ 3,222,615	\$ 2,553,888

Notes: The beginning retained earnings for 1996 was restated to exclude workers compensation coverage as directed by the State. Also, beginning in 1996 and for later years, the current activity excludes workers compensation coverage.

The beginning retained earnings for 1997 was restated for the adoption of GASB No. 31, which required unrealized gains and losses to be recognized in the operating statement. Beginning in 1997, the "change in fair value of investments" included realized and unrealized gains and losses. Prior to 1996, this caption included only realized gains and losses.

The beginning retained earnings for 2000 was restated for the adoption of GASB No. 33 and 34, which eliminated the reporting of contributed capital as a component of net assets (or equity) and required the reporting of such contribution transactions in the operating statement.

2002	2001	2000	1999	1998	1997	
\$ 1,193,767	\$ 1,009,968	\$ 931,933	\$ 986,759	\$ 905,478	\$ 933,769	[1]
30,590	7,485	21,191	-	-	-	
1,224,357	1,017,453	953,124	986,759	905,478	933,769	
186,485	194,977	229,013	383,617	166,097	110,477	
1,522,515	901,570	1,513,238	(482,545)	(69,754)	1,159,775	
492,132	331,263	282,211	262,576	253,709	278,665	
174,852	152,321	149,694	142,326	181,646	108,643	
27,456	31,538	60,560	33,720	51,123	50,737	
2,403,440	1,611,669	2,234,716	339,694	582,821	1,708,297	
(1,179,083)	(594,216)	(1,281,592)	647,065	322,657	(774,528)	
464,219	542,648	506,042	541,196	509,326	392,546	
(1,207,063)	(560,286)	164,841	441,855	1,019,545	906,905	
(742,844)	(17,638)	670,883	983,051	1,528,871	1,299,451	
(1,921,927)	(611,854)	(610,709)	1,630,116	1,851,528	524,923	
(226,281)	(367,174)	(480,893)	-	-	-	
(2,148,208)	(979,028)	(1,091,602)	1,630,116	1,851,528	524,923	
5,658,093	6,637,121	4,687,462	3,057,346	1,205,818	185,589	
-	-	3,041,261	-	-	495,306	
\$ 3,509,885	\$ 5,658,093	\$ 6,637,121	\$ 4,687,462	\$ 3,057,346	\$ 1,205,818	

[1] Prior to 2000, immaterial insurance recoveries and other revenues were netted against claims and legal expenses paid.

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY
(a Component Unit of Ottawa County)

SUPPLEMENTAL SCHEDULE OF MEMBER GROWTH ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 through 1997

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Total number of members	2	2	2	2	2
Total employees	946	952	960	950	927
Total annual payrolls	\$ 44,687,765	\$ 42,937,334	\$ 41,787,184	\$ 39,332,524	\$ 39,249,518
Total member premiums	\$ 1,809,990	\$ 1,913,422	\$ 1,615,037	\$ 1,506,570	\$ 1,423,527
Total number of claims	99	90	124	96	91
Total reported losses	\$ (1,325,785)	\$ 240,970	\$ (906,458)	\$ 268,077	\$ 2,328,148

(A) Beginning in 1996, includes provision for environmental impairment, employment relations and defense of non-monetary claims and excludes coverage for workers compensation.

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
2	2	2	2	2	2
910	895	873	798	767	740
\$ 38,517,965	\$ 35,615,824	\$ 33,710,764	\$ 31,346,149	\$ 30,777,799	\$ 28,826,214
\$ 1,193,767	\$ 1,009,968	\$ 931,933	\$ 986,759	\$ 905,478	\$ 933,769
106	91	69	81	78	64
\$ 1,790,002	\$ 1,063,640	\$ 1,718,699	\$ (88,146)	\$ 85,071	\$ 1,252,812 (A)